

(RECEIVED
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INDIANA UTILITY REGULATORY COMMISSION)

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Muncie, IN 47303
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June 1, 2000

Dear Judge Shultz :

At the Prehearing Conference on Cause 41736, the Investigation into the Adequacy and Reliability of Electrical Service in Indiana, you requested input and comments as to the scheduling details, procedures, questions, Sections, etc. Working with 8 counties of citizens, and sitting with them in that audience, I would like to offer some input. I have also offered some additional questions on the attached sheets, and I am sure to have more as this evolves.

I have spoken with Mr. McCarty about much of this already at an earlier date, and also with Governor O'Bannon....in fact on May 30, we had just left a meeting with him in the Statehouse just before the Prehearing....a very interesting dynamic that day!

It was very refreshing to see IURC's willingness to hold these hearings and to develop "the Plan" for electricity in this state, which has been sorely missing and the reason all of this has happened. And it has largely happened as a result of the enormous efforts of the citizens of Henry County and Delaware County. It was refreshing to see that IURC has listened, and that a number of the questions and Sections in these Hearings are based on the enormous research conducted by the Henry County citizens and presented at the Field Hearing, together with the citizen's response to IURC's 7 questions asked of the Henry County Commissioners....15 pounds of co-submitted answers to those questions. The citizens have already supplied answers and data for this investigation. Yet, what was conspicuously absent at the Prehearing was the inclusion of the citizens, despite your protestations and professions that this was to be an inclusive, not an exclusive hearing to determine answers. The reality is that is highly exclusive....the citizens are the only reason these Hearings even exist....yet they are the missing part of the equation. This will forever cast doubt on these Hearings in the future.

I understand that these are theoretically legal Hearings, but you yourself have stated that you wanted flexibility and dialogue and honest interaction to get to the heart of the information. Yet, the greatest resource of available information is being consciously excluded? Having direct Citizen representation at the table should be the most critical and essential aspect of these hearings...yet it is the most conspicuously absent. Your response will be that the citizens are represented by CAC or OUCC (as you admonished Mr. Loeschner), but OUCC and CAC have refused to represent these citizens, as they have different agendas and want to avoid conflict. Personally, I have contacted OUCC on 6 separate occasions to intervene on behalf of the citizens, and have been REFUSED each time. CAC has said they could try and submit questions from the citizens, but would not represent them. So, that leaves the only options of hiring a private attorney, which Delaware & Henry did to at least file the intervention. But they cannot financially afford anymore expenses to actually participate in these Hearings. Governor O'Bannon and Mr. McCarty were very sensitive to the fact that it has cost Henry County over \$50,000 in legal fees that are unpaid, just to get to this point today. They are broke, and have taken out 2nd mortgages on homes & businesses. They simply cannot do any more. They are the reason for these Hearings, and they will now go unrepresented...and that contradicts on a grand scale your request for "inclusiveness". The balance will be absent from those Hearings, and the "good ol' boys" atmosphere that was so obviously present

will railroad these Hearings without direct citizen input. If the IURC Field Hearing in Henry County proved anything, it was that citizen representatives are as reasonable, rational, knowledgeable, and professional as any "professional" attorney at that Prehearing. It was painful to watch the SIGECO representative bemoan the fact that they were small and of limited resources and would have to delay answering the questions. The citizens of these counties have NO resources, yet they were amazingly able to produce so much astounding information in such a short time. And the utilities can't with their virtually unlimited resources? The citizens simply cannot meet the finances, and will therefore be excluded from these Hearings, which immediately destroys your professed mission of being inclusive. I request that with the creativity and the professed spirit of these Hearings, you seat one or two direct Citizen representatives. The goal is to be a workshop, a dialogue....this cannot be achieved when the most important part of the equation, the reason for these Hearings in the first place, is conspicuously EXCLUDED!

Besides including citizens directly, another procedural question would be that should it not be mandatory that Merchant Utilities also be included in the workshops? At least 5 will be operational, and will be a large part of the reliability this summer, ie a large part of the generation equation already in this state. And again, they are one of the primary reasons that catalyzed these Hearings....part of the problem should be part of the solution. Mandatory input, rather than voluntary should be required.

At the Prehearing, it was quite obvious that a tactic of the utilities was to stall and drag out the hearings. The apparent focus of this work was to establish a policy to govern the reliability of electrical service in a fairly expedient manner. Yet, even with your "ambitious" schedule, this won't be done until Jan 1, 2001. In contrast, the citizens were able to produce comprehensive research, with no resources, in a much shorter period of time. Even more troubling was when the SIGECO representative stood up and stated that they are almost complete with a new application for ANOTHER peaking power plant, that they hoped IURC would fast-track through. It is very troubling if IURC fast-tracks or even keeps approving ANY peaking power plants, while the utilities delay the Hearing process because of lack of resources. There should be a moratorium on any of these plants while the IURC works through the process, or else the strong appearance is that the fox is minding the chicken house, that the utilities are regulating and manipulating the IURC. I am sorry, but that was immediately obvious in that Prehearing when SIGECO made that comment. Since the Heart of this study focuses on the need for any or some number of these plants, approving ANY while these Hearings are on-going is an apparent conflict of interest and casts serious credibility doubts on these proceedings.

Finally, the changing of the priority listing of the Sections is troublesome. In their wisdom, IURC apparently ranked the importance of the Sections, with Sections #1 and 2 being the obvious center of the study. However, the utilities virtually unanimously deflected the up-front focus away from the vital and immediate issues to the "fluff" items like EPA, etc, which would naturally flow from the first 2 Sections. The IURC had wisely prioritized to the heart of the issue, the utilities buried it, and it was painfully obvious.

The central procedural issue still is how to have the citizens directly inclusive to provide balance, without incurring financial duress. We would appreciate your creative modifications to the process that would allow this to occur. We will be present and active as we can be without an attorney. Thank you for your consideration. Sincerely,

(signed)
Dr. Jim Rybarczyk

cc. Mr. McCarty

ADDITIONAL QUESTIONS

SECTION 1

----what state incentives could be applied that would reward planning for ample reserves and careful planning during peak times, ie proactive maintenance and business practices, ample heat exchangers, spare/reserve infrastructure inventories (such as transformers, etc)

SECTION 2

----Siting and green field issues
----Full disclosure and notifications to all citizens BEFORE any business or local interaction in state, similar to current Ohio process
----Water usage and wastage, especially groundwater
----Improve low efficiency of single cycle
----Pollution monitoring of area before siting, and impact of greenhouse gases
----How do captive Indiana utility customers ultimately pay for peakers if the cost to regulated baseload providers is \$7000/MW. The baseload utilities cannot pay that rate and absorb it very long, before it will be passed on to the ratepayer who had no say on what was paid. The regulated utility and customer is forced to pay the unregulated utility's rate. Shouldn't a cap be imposed by IURC? How will the regulated utilities be allowed to recover the costs? What safeguards will be imposed so that the baseload utility doesn't sell its production at the higher market price, come up short, have to purchase expensive imported power and pass that directly on to the ratepayer. This skirts any regulated rates for the baseload utility. Will the policy be similar to the one IURC recently approved for PSI?

SECTION 3

----What should be the incentives for the utilities to promote conservation? For the rate payers to conserve? How can this be emphasized and enhanced?
----What kind of price incentives/rebates be instituted for rate payers to conserve/cut-back at peaking times and thus removing the need for peakers?

SECTION 4

----What incentives could the State provide to utilities to construct new baseload plants? Tax breaks or subsidies?
----What are the plans to retire coal plants and replace them with gas fired baseload plants? What is the timeframe?
----Is there a plan to retire the coal plants and not replace them with baseload plants, but with an enormous amount of peakers spread across the state that would cover the baseload in an on/off sequence of rotation? On 8 hours, off 16 hours? Three 640 MW peakers would replace one 640 MW baseload, and only run 8 hours per day. Is this the Grand Plan and is it the reason for the enormous epidemic???